

National Foundation on the Arts and the Humanities

§ 1180.10

(2) The institution has budgetary autonomy; and

(3) The institution has administrative autonomy.

§ 1180.7 General Operating Support.

In order to maintain, increase or improve museum services, a museum may apply for a grant under the Act to meet administrative, staff and operating costs, except as otherwise provided in these regulations.

§ 1180.8 Two-year grant period.

(a) IMS makes General Operating Support grants for a period of twenty-four months beginning with the first month of the grant period.

(b) A museum that receives a General Operating Support grant in a Federal fiscal year may not apply for an additional General Operating Support grant in the succeeding Federal fiscal year.

Example. A museum applies for a General Operating Support grant in Federal fiscal year 1993. The museum receives a grant that it may use during the applicable 24-month grant period. The museum may not apply for an additional General Operating Support grant in Federal fiscal year 1994.

[57 FR 36905, Aug. 17, 1992]

§ 1180.9 Limitation on amount of General Operating Support grants.

(a) *General rule.* IMS makes General Operating Support grants in an amount not to exceed the lesser of:

(1) the ceiling amount established under paragraph (b);

(2)(i) 15 percent of the applicant museum's non-Federal operating income for its most recently completed fiscal year that is prior to the Federal fiscal year in which the application is filed; or

(ii) \$7,500, if larger.

(b) *Ceiling amount.* The ceiling amount of a General Operating Support grant will be established through a notice published in the FEDERAL REGISTER. Beginning in FY 1993, the ceiling amount is \$112,500.

(c) *Statutory requirement.* Under section 206(c) of the Act, IMS may not make a grant in excess of 50 percent of the annual cost of the program for which the grant is made. If the application of the \$7,500 limitation in para-

graph (a)(2) of this section causes a General Operating Support grant to exceed 50 percent of the museum's annual operating income for the grant period in question, IMS reduces the grant to that level in order to satisfy the statutory requirement.

(d) *Computation of non-Federal operating income.* For the purposes of this section, a museum may include in non-Federal operating income an amount reflecting the reasonable and conservative value of non-cash contributions to the museum in the applicable fiscal year.

Examples. The application of these rules is set forth in the following examples:

(1) In fiscal year 1993, a museum with calendar year 1991 operating income of \$5,000,000 applies to IMS for a General Operating Support grant. Its application is approved. It may receive a grant of no more than \$112,500, the lesser of \$112,500 and \$750,000 which is 15 percent of the museum's non-Federal operating income.

(2) In fiscal year 1993, a museum with calendar 1991 operating income of \$700,000 applies to IMS for a General Operating Support grant. Its application is approved. It may receive a grant of no more than \$105,000 the lesser of \$112,500 and 15 percent of the operating income which is \$105,000.

(3) In fiscal year 1993, a museum with calendar 1991 operating income of \$40,000 applies to IMS for a General Operating Support grant. Its application is approved. It may receive a grant of no more than \$7,500, the larger of \$7,500 or 15 percent of the museum's operating income which is \$6,000. The grant satisfies the requirement of paragraph (c) (and the statute) that it not exceed 50 percent of the museum's operating income for that year.

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§ 1180.10 Allowable costs.

(a) Determination of costs allowable under a grant is made in accordance with government-wide cost principles in applicable OMB circulars. (OMB circular A-21 (educational institutions) February 26, 1979, published in 44 FR 12368 (March 6, 1979); OMB circular A-87 (State and local governments) January 15, 1981 published in 46 FR 9548 (January 28, 1981); and OMB circular A-122 (Nonprofit organizations) June 27, 1980, published in 45 FR 46022 (July 8, 1980)).

(b) No costs shall be allowed for the purchase of any object to be included in the collection of a museum, except

library, literary, or archival material specifically required for a designated activity under a grant under the Act.

§ 1180.11 Basic requirements which a museum must meet to be considered for funding.

(a) *Application.* To apply for a grant, a museum must submit the designated application form containing the information requested in the form. Failure to submit the information required by the application at the time of filing can subject an applicant to rejection of the application without consideration on its merits.

(b) *IRS letter.* A museum applying as a private, nonprofit institution must submit a copy of the letter from the Internal Revenue Service indicating the applicant's eligibility for nonprofit status under the applicable provision of the Internal Revenue Code of 1954, as amended.

(c) *Financial statements.* (1) Each applicant museum must submit, with its application at the time of filing, its financial statements for the two fiscal years immediately preceding the fiscal year for which application is made or, if not available, for the second and third immediately preceding years. Each financial statement must include a statement of financial operations and if applicable, a balance sheet. Examples of a financial statement and a balance sheet may be found in the Museum Accounting Guidelines of the Association of Science-Technology Centers (1976) or in the Museum Accounting Handbook of the American Association of Museums (1978).

(2)(i) Every applicant which has previously received an IMS award must submit its audited financial statement for the last fiscal year immediately preceding the fiscal year in which application is made or the immediately preceding fiscal year, prepared by an individual or organization meeting the qualifications of the Comptroller General of the United States for individuals or organizations conducting Government audits. Reference is made to GAO, *Standards for Audit of Governmental Organizations, Programs and Functions* (1981 revision).

(ii) In the case of a museum which does not use cash basis accounting, the

individual or organization performing the audit must offer an opinion that the financial statement of the museum presents fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles. In the case of a museum which uses cash basis accounting, the individual or organization performing the audit must offer an opinion that the statement presents fairly (A) revenues collected and expenditures made and (B), where a balance sheet is involved, the assets, liabilities, and fund balances of the museum arising from cash transactions.

(3) If a museum is part of an organization such as a university, State or municipality and does not receive audits separate from those of the organization of which it is a part, it may submit its financial statement as drawn from and containing only audited figures of the organization of which the museum is a part. This financial statement, so prepared, must present fairly the financial position and the results of financial operations of the museum, and must clearly indicate that it has been so prepared and the Director may, upon written request filed at the time of the application, waive the requirement of a separate audit and proceed to process the application on its merits. Where the organization is not audited on an annual basis, the financial statement may be drawn from the most recent audited figures of the organization.

(4) The Director is authorized to defer the audit requirement set forth in paragraph (c)(2) of this section in the case of a museum with non-federal operating income of \$250,000 or less, exclusive of the value of non-cash contributions (in the fiscal period preceding the fiscal period for which the deferral is requested) if the Director finds that circumstances justify a deferral and that the grant of the deferral will not be inequitable to other applicants. A deferral may be granted only upon those conditions and in light of those assurances which the Director deems appropriate in order to ensure that the purposes of this paragraph are achieved. If the museum receives an award, the museum must submit audited financial statements no later